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Special National Intelligence Estimate

Nicaragua: Prospects for the Insurgency

Key Judgments

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**NICARAGUA: PROSPECTS
FOR THE INSURGENCY**

KEY JUDGMENTS

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army
The Director of Naval Intelligence, Department of the Navy
The Assistant Chief of Staff, Intelligence, Department of the Air Force
The Director of Intelligence, Headquarters, Marine Corps

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SCOPE NOTE

The prospective renewal of US financial support for the major anti-Sandinista insurgent groups, along with the ability to share intelligence on Sandinista military subjects, is likely to provide a major boost to insurgent force expansion and effectiveness in the coming months. At the same time, however, Managua has been gradually increasing its own counterinsurgency capabilities, with significant Soviet and Cuban support, and it has demonstrated greater willingness to attack anti-Sandinista forces inside Honduras and Costa Rica. As a result of these trends, there is likely to be a continued escalation of the conflict unless outside pressures force a cease-fire and movement toward political accommodation between the two sides.

This Estimate examines the prospects for the insurgency over the next year or so, looking first at recent trends in the conflict and the foreign support provided to both sides. In looking at near-term prospects for the insurgency and the Sandinista response, it identifies alternative scenarios, as well as the likely future Soviet and Cuban role in the conflict. Finally, it discusses the impact of the insurgency on Sandinista policy, as well as the regional impact and the implications for the United States.

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KEY JUDGMENTS

Nicaragua's anti-Sandinista guerrillas have evolved into a relatively large and viable rural insurgent force which, although currently not regime threatening, has forced the Sandinistas to commit an increasing amount of resources to contain it. Guerrilla forces have grown to over 15,000 combatants, and we believe they will continue to grow over the next year. This force growth will be assisted by the resumption of US aid and by the fact that the guerrillas have demonstrated significant staying power in the field. Thus, the Sandinistas face the prospect of a prolonged and damaging war with little end in sight.

Nevertheless, the insurgents continue to be hampered by a number of major weaknesses that limit their ability to threaten the Sandinista regime seriously. Their failure to develop an integrated political-military strategy that would attract widespread popular support for their cause remains a key weakness, and thus far they have been unable to build an urban network able to convert passive antiregime sentiment into active support for the insurgency. The lack of effective cooperation between insurgent groups has precluded the creation of a viable multifront war and has allowed the Sandinistas to concentrate their military resources on the Nicaraguan Democratic Force (FDN) in the north, which Managua considers the most serious threat. Militarily, the FDN remains the largest, best equipped, and most proficient of the insurgent groups. However, it continues to suffer from the lingering image—especially internationally—that it is an extension of former President Somoza's National Guard.

For their part, the Sandinistas have substantially improved their counterinsurgency capabilities in the last year, increasing defense expenditures from 25 percent to over 40 percent of the national budget and expanding the numbers of frontline units devoted to the war. The special counterinsurgency battalions, which the Sandinistas are now employing to spearhead the war, have been generally successful in their efforts to neutralize insurgent forces in the south and to contain the expansion of guerrilla operations in the northwest. Despite tactical improvements, the Sandinista Army continues to be plagued by command and control problems, inadequate training, and limited close air support, as well as uneven leadership and combat performance among units. Moreover, shortages of food, medicine, and ammunition continue to cause morale problems and desertions, especially among the new

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conscripts, who form the bulk of the frontline counterinsurgency battalions.

We believe the level of fighting in Nicaragua will continue to escalate over the next year, although neither side is likely to gain a strategic advantage despite improvement in the capabilities of both. The insurgents will probably continue to pursue a war of attrition, emphasizing mobility, hit-and-run tactics, and attacks against "soft" targets. They may also succeed in a few spectacular sabotage attacks to provide a psychological boost, but they are unlikely to attempt more than a few major operations because of continued logistic problems. The insurgents probably will expand their areas of operations and improve tactical coordination between the various groups, although they are unlikely to create an effective two-front war over the next year. Nor are they likely to create an effective urban support network to significantly increase their operations in more populated areas. They probably could not hold a major town for more than a short period of time, and any attempt to establish a "liberated zone" would be difficult to sustain logistically without considerable outside support and would pose tactical risks for the insurgents.

Sandinista military strategy will probably continue to focus on containing the FDN in the north and neutralizing Eden Pastora's forces and Indian groups in the south and east, respectively. The Sandinistas are likely to launch a major new counterinsurgency effort late this year in order to weaken insurgent forces and block infiltration of personnel and supplies into Nicaragua from Honduras and Costa Rica. This will increase the probability of more frequent clashes with Honduran and Costa Rican security forces. We believe that Nicaragua will remain wary of launching a large-scale cross-border offensive for fear of provoking a potential US military response, but Managua may be willing to provoke small-scale clashes with Honduras and Costa Rica in an effort to pressure them into reducing support for the insurgents. The Sandinistas are well aware that use of Honduras and, to a lesser extent, Costa Rica remains critical to the insurgency.

Managua will try to exert diplomatic as well as military pressure on Tegucigalpa and San Jose. The Sandinistas will attempt to attain a diplomatic solution—preferably in the form of bilateral deals or, alternatively, within a Contadora regional agreement—that would result in the cessation of Honduran and Costa Rican support to the insurgents. So far, however, Managua has been unwilling to make significant concessions in the Contadora negotiations that would threaten its consolidation and seriously undercut broader Sandinista objectives.

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We believe it is less likely that the continued escalation of the Nicaraguan conflict over the next year will result in a major shift in the strategic balance to either side. A critical variable will be the degree of popular support the Sandinistas or the insurgents are able to mobilize to their advantage. Another critical factor is the amount of foreign support that each side is able to obtain to sustain its efforts. In particular, insurgent loss of support bases in Honduras would be likely to result in a significant setback.

We believe the Soviets will continue to provide the necessary military and economic support to sustain the Sandinista regime despite the increased costs this is likely to entail. This may include more tanks and new air defense missiles, and we cannot rule out the delivery of L-39 or other subsonic jet fighter aircraft in the coming year. Moscow will continue to maintain a low profile in Nicaragua, however, preferring that the Cubans play a more direct role in the counterinsurgency effort. If the security situation in Nicaragua were to deteriorate significantly, Cuba would be likely to commit additional military advisers who might assume a more direct combat role. However, we do not believe Havana would risk the threat of a possible US military response against either Cuba or Nicaragua by sending Cuban combat units to fight against anti-Sandinista guerrillas within the next year or so.

We believe that the continued escalation of the fighting in Nicaragua will place greater strains on the Sandinista leadership while posing additional problems for the United States and the region. Managua may take greater risks of provoking a US response by sending forces more frequently across the border in an attempt to force Costa Rica and Honduras into either a bilateral agreement with Managua or international supervision of their frontiers. Internally, forthcoming elections in both Honduras and Costa Rica may impel both governments to impose greater limitations on anti-Sandinista force activity before the end of the year, particularly if the insurgent presence grows substantially. Finally, the continued buildup of Nicaragua's military strength and greater Cuban involvement in the war effort is likely to further upset the regional military balance and complicate US force planning. Honduras and Costa Rica, although encouraged by prospective renewal of US funding of the insurgents, are likely to seek a firmer US commitment to their defense and a clearer definition of US policy regarding the future of the Sandinista regime.

We judge that the insurgency will remain a major obstacle to the Sandinistas' full consolidation of a Marxist-Leninist one-party state. The demands of the war and the need to maintain Western support have forced the Sandinistas to tolerate nominal political dissent and have

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driven them to pursue negotiations with the United States and in the regional context of the Contadora process. Nevertheless, the Sandinista leaders are unlikely to make significant concessions to the domestic opposition as long as they can count on continued Cuban and Soviet support and are able to contain internal dissent at acceptable levels. A further growth in the insurgency, coupled with rising military casualties and higher economic costs, may induce the Sandinistas to accept a less advantageous Contadora treaty. Sandinista concessions might include nominal progress in national reconciliation while continuing to avoid direct talks with the FDN.

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